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UNCLAS ABUJA 001655

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E.O. 12958: N/A

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SUBJECT: (U) DEMARCHE ON RELEASE OF CRUDE FROM  
STRATEGIC PETROLEUM RESERVES (SPR)

REF: DavisBa-Campbell email msg DTG 0923042247

1. (U) At about noon September 24, Econ Counselor called on President Obasanjo's Special Advisor for Petroleum and Energy Edmund Daukoru and made the demarche requested via email. Daukoru, who co-chairs the national oil company, is de facto minister of energy, since the President has not filled this position since 1999.

2. (U) Daukoru appreciated the notice and said "what are reserves for, if not to be used." The issue, if any, he said, might be the volume of crude to be released and the time by which an equivalent amount would be restituted to the SPR.

3. (SBU) Daukoru went on that a side benefit of the release of crude from the SPR might be some dampening of international oil prices, which he deemed too high. He explained that OPEC ministers had recently concluded that prices preferably should move within a \$30-35 band. Despite the last-announced increase in quotas, prices above \$40 a barrel are "outrageously high." Were prices to remain above \$40, OPEC ministers would have to regroup to see if members could put more crude on the market.

4. (SBU) Daukoru said Nigeria is now producing about 2.2 mbd, which brings Nigeria's OPEC quota in line with Nigeria's actual, but temporary, capacity output. The need for maintenance at some facilities recently reduced capacity output from 2.5 mbd in June of this year.

CAMPBELL